

Re: Proposed Disapproval of Exchange Listing for Trading of January 1999 Soybean Futures Contract and March 1999 Corn Futures Contract

Dear Mr. Arbor: The Commission is aware that the Board of Trade of the City of Chicago (CBT) notified its members on September 19, 1997, of its intent to propose listing for trading the January 1999 soybean futures contract and the March 1999 corn futures contract.

The Commodity Futures Trading Commission (Commission) hereby notifies the CBT that listing the above contract months is not consistent with the abbreviated review provisions of Commission rule 1.41(l), 17 CFR 1.41(l), and will be subject to the usual review and approval procedures under section 5a(a)(12) of the Commodity Exchange Act (Act) and rule 1.41(b). Commission rule 1.41(l) provides that all changes in contract months shall be deemed approved by the Commission ten days after notice of the change is received by the Commission if consistent with the Act and the Commission's regulations.<sup>1</sup>

The Commission, by letter dated December 19, 1996, notified the CBT that the delivery terms of its corn and soybean futures contracts are not consistent with the requirements of section 5a(a)(10) of the Act. In its December 19, 1996 notification, the Commission stated:

[i]n light of the Commission's determination that the CBT's futures contracts in corn and soybeans no longer comply with the requirements of section 5a(a)(10) of the Act, the CBT should refrain from listing additional months for trading in those contracts during the pendency of these proceedings.

61 FR 67998, 67999 (December 26, 1997).

On September 15, 1997, the Commission issued a proposed Order to change and to supplement the CBT's response to the December 19, 1996 section 5a(a)(10) notice and to disapprove, to change and to supplement the terms proposed by the CBT for the July and December 1999 corn and July and November 1999 soybean futures contracts, which were listed by the CBT without Commission approval. The Commission has notified the CBT under the proposed Order that the CBT will have an opportunity to be heard by the Commission on October 15, 1997, or sooner if the CBT requests.

The delivery specifications intended by the CBT to be applicable to the January 1999 soybean futures contract and the March 1999 corn futures contract are the same as those that the Commission proposed to disapprove for application to the July and December

1999 corn futures contracts and the July and November 1999 soybean futures contracts in its Proposed Order of September 15, 1997. Listing additional delivery months under either the contract terms found by the Commission to violate the provisions of section 5a(a)(10) or under proposed terms on which the Commission already has taken action proposing disapproval is not consistent with the provisions and policies of the Act. The Commission proposes to disapprove the listing of these contract months on those grounds.

Because the Commission finds that listing these trading months is not consistent with Commission rule 1.41(l) and that Commission review and approval under section 5a(a)(12) and rule 1.41(b) is required prior to their listing, their listing for trading by the CBT is not legally authorized at the present time. Moreover, the Commission proposes under sections 5a(a)(10), 5a(a)(12), 8a (7) and 15 of the Act to disapprove the listing for trading and to disapprove, to change and to supplement the terms of the January 1999 soybean futures contract and the March 1999 corn futures contract on the same bases and for the same reasons as it has stated in its December 19, 1996 notification and its Proposed Order of September 15, 1997.

A public hearing on the Proposed Order of September 15, 1997, has been scheduled for October 15, 1997, (or at an earlier date if the CBT requests) at the Commission's Washington, D.C. office. The CBT also will have an opportunity at that public hearing to make an oral presentation before the Commission on the matters raised in this notice to disapprove the listing and to disapprove, to change and to supplement the January 1999 soybean futures contract and the March 1999 corn futures contract. The Commission will also accept written comments from the CBT on this issue on or before the date of the hearing.

The Commission also reserves all of its authority under the Act to bring appropriate legal action against the CBT for the violation of section 5a(a)(12) of the Act and Commission rules 1.41(b) and 1.41(l) which require the CBT to obtain approval by the Commission prior to listing new delivery months for trading. Such reservation of authority relates to the January, July and November 1999 soybeans futures contracts and the March, July and December 1999 corn futures contracts, as well as any contract months CBT attempts to list without prior approval hereafter.<sup>2</sup> As the Commission noted in its Proposed Order of September 15, 1997, the Commission is prepared to approve immediately the listing of delivery months which incorporate the Commission's proposed changes and supplements.

The Commission hereby instructs the CBT that it must notify all market participants that

the Commission has not approved the listing of these contract months as required by law and that the Commission has proposed to disapprove the listing and to disapprove, to change and to supplement the terms proposed by the CBT.

By the Commission.

Jean A. Webb,  
*Secretary of the Commission.*

The Commission has determined that publication of this Proposed Disapproval of Contract Listing and Proposed Order to Disapprove, to Change and to Supplement the Chicago Board of Trade Proposal on Contract Specifications relating to the January 1999 soybean futures contract and the March 1999 corn futures contract for public comment will assist the Commission in its consideration of these issues. Accordingly, the Commission is requesting written comments from interested members of the public.

Issued in Washington, D.C., this 23rd day of September, 1997, by the Commodity Futures Trading Commission.

**Jean A. Webb,**

*Secretary of the Commission.*

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## DEPARTMENT OF DEFENSE

### Department of the Air Force

#### HQ USAF Scientific Advisory Board Meeting

The Science & Technology Panel Review of Air Force Research Laboratory (AFRL), in support of the HQ USAF Scientific Advisory Board, will meet in Dayton, OH on November 3-7, 1997, from 8:00 a.m. to 5:00 p.m.

The purpose of the meeting is to gather information, receive briefings and review AFRL.

The meeting will be closed to the public in accordance with Section 552b of Title 5, United States Code, specifically subparagraphs (1) and (4) thereof.

For further information, contact the HQ USAF Scientific Advisory Board Secretariat at (703) 697-8404.

**Barbara A. Carmichael,**

*Alternate Air Force Federal Register Liaison Officer.*

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<sup>1</sup> Commission rule 1.41(l) provides, in part, that:

Notwithstanding the provisions of paragraph (b) of this section, all changes in trading months shall be deemed approved by the Commission ten days after written notice of such a change is received by the Commission if:

(i) The change is consistent with a rule of the contract market governing the listing of trading months which has been approved by the Commission, and with the Act and the Commission's regulations; \* \* \*

<sup>2</sup> In this regard, the Commission notes that the listing of contract months under the current contract terms prior to the December notification's finding that the contracts' terms are in violation of section 5a(a)(10) of the Act is fundamentally different from the listing of trading months after such a finding has been made.